



Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

中電控股有限公司
CLP Holdings Limited
(incorporated in Hong Kong with limited liability)
(Stock Code: 00002)

Discloseable Transaction

Transaction Highlights

- On 30 November 2016, CLP Group entered into the conditional Equity Transfer Agreement with CGN Power to acquire a 17% equity stake in Yangjiang Nuclear Power Co., Ltd. from them. This constitutes a Discloseable Transaction for the Company.
- Yangjiang Nuclear Power Co., Ltd. owns and operates the Yangjiang Nuclear Power Station located in Guangdong Province. It comprises six 1,086MW generating units: three are in commercial operation and the other three are currently under construction with sequential targeted commissioning dates spread over the period from 2017 to 2019. The six generating units employ the Pressurised Water Reactor technology, being the mature and standardised second generation technology which is used by most nuclear power units in the world.
- The Equity Transfer Agreement was entered into after CGN Power had conducted a public tender process through the China Beijing Equity Exchange. Our successful bid price was RMB5.0 billion (approximately HK\$5.6 billion).
- We expect to invest more equity in Yangjiang Nuclear Power Co., Ltd. after Completion until all units are commissioned. We estimate that our total investment will be approximately RMB7.0 billion (approximately HK\$7.8 billion) which will include the bid price (RMB5.0 billion, approximately HK\$5.6 billion), an audited Completion Payment and post Completion additional equity contributions.
- Completion is subject to various conditions, including PRC regulatory approvals, and is targeted to be achieved in the first half of 2017; Yangjiang Nuclear Power Co., Ltd. will remain as a subsidiary of CGN Power and CLP Holdings will hold a 17% equity stake.

BACKGROUND

We refer to our announcement dated 31 October 2016 in relation to an investment opportunity in Yangjiang Nuclear. On 30 November 2016, we entered into the conditional Equity Transfer Agreement with CGN Power to acquire a 17% equity stake in Yangjiang Nuclear.

Yangjiang Nuclear Power Station

Yangjiang Nuclear Power Station, owned and operated by Yangjiang Nuclear, is a nuclear power plant located in Yangjiang City, Guangdong Province, the PRC, approximately 220 kilometers southwest of Hong Kong. Currently, it supplies all its electricity to the local power grid company, Guangdong Power Grid Co., Ltd. The Yangjiang Nuclear Power Station commenced commercial operations on 25 March 2014. It comprises six 1,086MW nuclear power generating units: three units are in commercial operation and the other three units are currently under construction with sequential targeted commissioning dates spread over the period from 2017 to 2019. The six generating units employ the Pressurised Water Reactor technology, being the mature and standardised second generation technology which is used by most nuclear power units in the world. The technology, which combines an evolution of the established French design technology employed at Daya Bay Nuclear Power Station and additional features that raise the design robustness, represents a closer alignment with the criteria for the more advanced third generation reactor technology now being adopted in the world.

CGN Power

CGN Power is principally engaged in the provision of power supply and services mainly from power generation by nuclear energy. Its major scope of business includes: production and supply of electricity generated mainly from nuclear energy and provision of related professional technical services; disposal of nuclear wastes; organisation and implementation of the construction and management for nuclear power stations engineering projects; organisation of the operation, repair and related businesses for nuclear power stations; and organisation of the design development and scientific research for nuclear power stations.

Yangjiang Nuclear is currently a non-wholly owned subsidiary of CGN Power with 46% of its equity interest held by CGN Power, 30% held by GNIC (a wholly-owned subsidiary of CGN Power), 7% by CGN Industry Investment Fund Phase I Co., Ltd. (an associate company of CGN Power) and 17% by Guangdong Yudean Group Co., Ltd.

THE EQUITY TRANSFER AGREEMENT

Date

30 November 2016 (after Hong Kong trading hours)

Parties

Vendors: CGN Power and GNIC

CGN Power is a joint stock company established in the PRC with limited liability, whose H-shares are listed on the Main Board of the Stock Exchange (Stock Code: 01816). GNIC is a wholly-owned subsidiary of CGN Power established in the PRC with limited liability.

Purchaser: CLP Nuclear Power (Yangjiang) Limited, a wholly-owned subsidiary of the Company

CLP Group and CGN Power

Despite the relationship described in the next paragraph, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, CGN Power and its ultimate beneficial owners are third parties independent of CLP Holdings and its connected persons (as defined in the Listing Rules).

The CLP Group currently holds approximately a 0.31% interest in CGN Power. The CLP Group also holds a 25% equity interest in GNPJVC and a 12.5% equity interest in DNMC which, respectively, owns and operates Daya Bay Nuclear Power Station. Both GNPJVC and DNMC are subsidiaries of CGN Power. A few of the directors of GNPJVC and DNMC are directors of certain subsidiaries of the CLP Group, and the aggregate number of these directors on each of the GNPJVC and DNMC boards represents a minority of the full board of directors for those companies. These relationships do not cause the Acquisition to become a connected transaction for the CLP Group and, therefore, the connected transaction requirements under the Listing Rules do not apply to the CLP Group in respect of the Acquisition.

Assets to be Acquired

The assets to be acquired from the Vendors are their collective 17% equity interest in Yangjiang Nuclear (the "**Sale Equity Interest**") of which 12% is held by CGN Power and 5% is held by GNIC. Yangjiang Nuclear owns and operates the Yangjiang Nuclear Power Station.

Consideration and Total Investment

Bid Price

The Company's bid price of RMB5.0 billion (approximately HK\$5.6 billion) for the Sale Equity Interest was accepted in the public tender process conducted by the China Beijing Equity Exchange in accordance with the relevant laws and regulations of the PRC governing the transfer of state-owned assets and enterprise equity interests. 10% of the bid price has been paid as a refundable deposit and the remainder is payable fully in cash at Completion.

Completion Payment

The Completion Payment is determined by the mechanism set out in the Equity Transfer Agreement and is principally a "RMB-for-RMB" payment in respect of the Vendors' 17% equity stake for (a) the equity funding made to Yangjiang Nuclear and (b) any movement in retained earnings of Yangjiang Nuclear, both from 1 January 2016 up until Completion. This will be subject to a completion audit process and will be payable in cash within five working days after the conclusion of this process.

The bid price and the audited Completion Payment are payable under the Equity Transfer Agreement. The aggregate amount is payable in cash to the Vendors as the Consideration and will be split between them in respect of their portions of the Sale Equity Interest.

Total Investment

Yangjiang Nuclear will also require shareholders' funding after Completion to conclude construction of the remaining three units.

Having regard to our experience in project development work and the anticipated future funding arrangements, we estimate that our total investment in respect of our equity stake in Yangjiang Nuclear will be approximately RMB7.0 billion (approximately HK\$7.8 billion) assuming a Completion Date of 31 December 2017. This will include the bid price of RMB5.0 billion (approximately HK\$5.6 billion), an audited Completion Payment and the Company's 17% share of the post Completion shareholders' equity funding until all six units are commissioned.

Source of Funding

The Consideration and the future shareholder funding described above will both be financed by a combination of the CLP Group's available internal resources and third party debt.

Conditions Precedent and Completion

Completion of the Equity Transfer Agreement is conditional upon the satisfaction of conditions precedent, including:

- (a) all necessary PRC regulatory approvals and filings;
- (b) approvals from certain lenders of Yangjiang Nuclear; and
- (c) approvals from Yangjiang Nuclear's shareholders.

Completion will take place after satisfaction of all the conditions precedent and upon receipt of the updated business licence of Yangjiang Nuclear.

The latest date for Completion to take place under the Equity Transfer Agreement is 31 December 2017. However, the Vendors and the Purchaser are targeting to achieve Completion in the first half of 2017.

FINANCIAL INFORMATION ON YANGJIANG NUCLEAR

Yangjiang Nuclear was established in the PRC on 23 February 2005. It is a non-wholly owned subsidiary of CGN Power and will remain so following the Completion of the Acquisition. Yangjiang Nuclear is principally engaged in the construction and operation of the Yangjiang Nuclear Power Station.

Set out below is a summary of the audited net profits of Yangjiang Nuclear attributable to the Sale Equity Interest, by reference to the audited financial information of Yangjiang Nuclear prepared in accordance with the PRC generally accepted accounting principles:

	For the year ended 31 December 2014 (RMB million)	For the year ended 31 December 2015 (RMB million)
Net profits before taxation attributable to the Sale Equity Interest	109 (approximately HK\$138 million)	132 (approximately HK\$163 million)
Net profits after taxation attributable to the Sale Equity Interest	106 (approximately HK\$133 million)	134 (approximately HK\$165 million)

The net assets of Yangjiang Nuclear attributable to the Sale Equity Interest, by reference to the audited financial information of Yangjiang Nuclear as at 31 December 2015, was RMB2,417 million (approximately HK\$2,885 million). In addition, the independently appraised valuation of the Sale Equity Interest as at 31 December 2015 disclosed as part of the public tender process on the China Beijing Equity Exchange was RMB4,999.71 million (approximately HK\$5,595 million).

In this section, financial figures in RMB are translated to HK\$ at the applicable exchange rates at the relevant time for illustration purposes only. An annual average exchange rate is used for profit or loss figures during a financial year, while the exchange rate as of the year end date is used for net assets values as of that date.

REASONS FOR, AND BENEFITS OF, THE ACQUISITION

The Acquisition is an opportunity for the CLP Group to invest in cost-efficient, non-carbon emitting generation and further enhance our presence in Guangdong Province, the PRC, being a key strategic market for the CLP Group. The Yangjiang Nuclear Power Station, upon full commission of all six generating units, will add over 1,100MW (on a 17% equity basis) of non-carbon emitting generation capacity to the CLP Group's generation portfolio. This will represent a significant acceleration in CLP Group's progress towards our Climate Vision 2050, particularly our milestone targets for 2020.

It also provides an opportunity for the CLP Group and CGN Power to build on the successful and proven long term partnership at Daya Bay Nuclear Power Station that began over 30 years ago and to continue sharing best practices in nuclear development and operation. Following Completion, CLP Group will nominate one director onto a seven member board of directors of Yangjiang Nuclear.

Three generating units, representing 50% of the total capacity of the Yangjiang Nuclear Power Station are already in operation (over 550MW on a 17% equity basis) and we expect that the Acquisition will have a positive impact on the future earnings of the CLP Group from Completion.

The Directors consider that the terms of the Equity Transfer Agreement are fair and reasonable and in the interests of CLP Holdings and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the relevant applicable percentage ratios (assets ratio) calculated in accordance with the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a Discloseable Transaction for the Company under Chapter 14 of the Listing Rules and is subject to the relevant reporting and announcement requirements.

GENERAL

CLP Group owns and operates a vertically-integrated electricity generation, transmission and distribution, and retail business in Hong Kong and invests in the power sector in Mainland China, India, Southeast Asia, Taiwan and Australia.

Completion of the Acquisition is subject to the fulfillment of certain conditions set out in the Equity Transfer Agreement, including those set out in the section headed “Conditions Precedent and Completion” in this announcement. Shareholders and investors should therefore exercise caution in dealing in the shares of CLP Holdings.

DEFINITIONS

Unless the context otherwise requires, terms used in this announcement shall have the following meanings:

“Acquisition”	the acquisition from the Vendors of, in aggregate, a 17% equity interest in Yangjiang Nuclear
“Board”	the board of directors of CLP Holdings
“CGN Power”	CGN Power Co., Ltd., a joint stock company established in the PRC with limited liability, whose H-shares are listed on the Main Board of the Stock Exchange (Stock Code: 01816) and in the context of the reference to CGN Power’s collective 17% equity interest in Yangjiang Nuclear, “CGN Power” includes CGN Power Co., Ltd. and GNIC
“CLP Group”	CLP Holdings and its subsidiaries
“CLP Holdings” or “Company”	CLP Holdings Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 00002)
“Completion”	the completion of the Acquisition pursuant to the Equity Transfer Agreement and the relevant laws and regulations of the PRC as described in the section headed “Conditions Precedent and Completion” in this announcement
“Completion Payment”	the amount payable and determined by the mechanism set out in the Equity Transfer Agreement as described in the sub-section headed “Completion Payment” in this announcement

“Consideration”	the amount payable by the Purchaser to the Vendors under the Equity Transfer Agreement in respect of the Acquisition as described in the section headed “Consideration and Total Investment” in this announcement
“Daya Bay Nuclear Power Station”	Guangdong Daya Bay Nuclear Power Station which comprises two generating units located in Guangdong Province and is owned and operated by GNPJVC and DNMC, respectively
“Directors”	the directors of CLP Holdings
“DNMC”	Daya Bay Nuclear Power Operations & Management Co., Ltd., a limited liability company established in the PRC which is a joint venture between CLP Holdings and CGN Power (owned as to 12.5% and 87.5% by their respective wholly-owned subsidiaries namely CLP Nuclear Power Operations & Management (China) Limited and GNIC)
“Equity Transfer Agreement”	the equity transfer agreement entered into between the Vendors and the Purchaser on 30 November 2016, whereby the Purchaser agreed to acquire and the Vendors agreed to sell, in aggregate, a 17% equity interest in Yangjiang Nuclear
“GNIC”	Guangdong Nuclear Investment Co., Ltd., a limited liability company established in the PRC, which is a wholly-owned subsidiary of CGN Power
“GNPJVC”	Guangdong Nuclear Power Joint Venture Co., Ltd., a limited liability company established in the PRC which is a joint venture between CLP Holdings and CGN Power (owned as to 25% and 75% by their respective wholly-owned subsidiaries namely Hong Kong Nuclear Investment Company Limited and GNIC)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	CLP Nuclear Power (Yangjiang) Limited, a company incorporated in Hong Kong with limited liability which is a wholly-owned subsidiary of CLP Holdings
“RMB”	Renminbi, the lawful currency of the PRC

“Sale Equity Interest”	shall have the meaning as defined in the section headed “Assets to be Acquired” in this announcement
“Shareholders”	holders of shares in the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	CGN Power and GNIC
“Yangjiang Nuclear”	Yangjiang Nuclear Power Co., Ltd., a non-wholly owned subsidiary of CGN Power established in the PRC which owns and operates the Yangjiang Nuclear Power Station
“Yangjiang Nuclear Power Station”	a nuclear power plant located in Yangjiang City in Guangdong Province which is owned and operated by Yangjiang Nuclear

In this announcement, save as otherwise stated, figures in RMB are translated to HK\$ at the exchange rate of RMB1.00 = HK\$1.11902 for illustration purposes only.

By Order of the Board
David Simmonds
Company Secretary

Hong Kong, 30 November 2016

中電控股有限公司
CLP Holdings Limited
(incorporated in Hong Kong with limited liability)
(Stock Code: 00002)

The Directors of CLP Holdings Limited as at the date of this announcement are:

Non-executive Directors:	The Hon Sir Michael Kadoorie, Mr William Mocatta, Mr J. A. H. Leigh, Mr Andrew Brandler and Dr Y. B. Lee
Independent Non-executive Directors:	Mr V. F. Moore, Sir Rod Eddington, Mr Nicholas C. Allen, Mr Vincent Cheng, Mrs Fanny Law, Ms Irene Lee and Mrs Zia Mody
Executive Directors:	Mr Richard Lancaster and Mr Geert Peeters